

Message Text

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SUBJECT: FOREIGN BUSINESSMEN RESIDENT IN PEKING

REF: STATE 131654 (NOTAL)

BEGIN SUMMARY. NO FOREIGN BUSINESSMEN MAINTAIN PERMANENT OFFICES IN PEKING, THOUGH A NUMBER MANAGE TO PARLAY THREE AND SIX-MONTH VISAS INTO SOMEWHAT LONGER STAYS. THEY ARE NOT PERMITTED NORMAL OFFICE FACILITIES, AND MUST OPERATE OUT OF HOTEL ROOMS. THERE HAVE BEEN REPS IN PEKING OF PRIVATE OR SEMI-OFFICIALS COUNCILS AND ASSOCIATIONS, BUT THESE ARE ABSORBED INTO THEIR GOVERNMENTS' EMBASSIES WHEN THEY ARE ESTABLISHED. A POSSIBLE EXCEPTION MAY BE THE RECENTLY CREATED SINO-JAPANESE ECONOMIC COMMITTEE WHICH HOPES TO OBTAIN OFFICE SPACE IN PEKING FOLLOWING THE CLOSURE OF JAPAN'S MEMORANDUM TRADE OFFICE THIS DECEMBER.

END SUMMARY. 1. ALTHOUGH FOREIGN BUSINESSMEN ARE NOT ALLOWED TO MAINTAIN "PERMANENT" FACILITIES IN PEKING, A NUMBER ARE ABLE TO MAINTAIN A CONTINUING PRESENCE HERE BY STRINGING TOGETHER SHORT-TERM STAYS AND OPERATING OUT OF HOTEL ROOMS. MOST NUMEROUS OF THESE ARE REPRESENTATIVES OF JAPANESE "FRIENDLY" TRADING FIRMS, ABOUT 50 OF WHOM RESIDE IN PEKING BETWEEN CANTON FAIRS. (INCLUDED AMONG THE 50 ARE TWO FROM THE JAPAN INTERNATIONAL TRADE PROMOTION ASSOCIATION, WHICH

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REPRESENTS THESE "FRIENDLY FIRMS.") OTHER INCLUDE REP-

REPRESENTATIVES OF DENMARK'S EAST ASIATIC COMPANY, FIAT, AND SOME OTHER EUROPEAN FIRMS, MOSTLY TRADING FIRMS.

2. SUCH BUSINESSMEN ARE GENERALLY ADMITTED ON THREE OR SIX-MONTH VISAS. WHEN THESE EXPIRE, THE BUSINESSMEN MUST EXIT CHINA AND OBTAIN NEW VISAS BEFORE BEING ALLOWED TO RESUME RESIDENCY IN PEKING. IN THIS MANNER, FIAT'S REPRESENTATIVE HAS MANAGED TO LIVE HERE FOR THREE YEARS, VISITING HONG KONG AT THREE-MONTH INTERVALS. OTHER COMPANIES CHANGE THEIR PERSONNEL AS THEIR VISAS EXPIRE. JAPANESE FIRMS, FOR INSTANCE, ROTATE REPRESENTATIVES FOLLOWING EACH CANTON FAIR.

3. WHILE THE CHINESE PERMIT THESE ARRANGEMENTS, IT IS MADE CLEAR TO THESE BUSINESSMEN THAT THEY DO NOT HAVE PERMANENT STATUS. THEY MAY NOT BRING SECRETARIES OR OTHER SUPPORT PERSONNEL WITH THEM; THEY MUST RESIDE IN HOTELS, WHERE MOST OF THEM DO NOT HAVE SUITES; THEY ARE NOT GIVEN IMPORT PRIVILEGES, MAY NOT APPLY FOR DRIVERS' LICENSES, AND MAY NOT HIRE SERVANTS.

4. A FEW SEMI-OFFICIAL OR PRIVATE TRADE COUNCILS OR CHAMBERS OF COMMERCE HAVE AT VARIOUS TIMES SUCCEEDED IN STATIONING REPRESENTATIVES IN PEKING, BUT THE STANDARD PRACTICE HAS BEEN TO INCORPORATE THESE REPRESENTATIVES INTO PERMANENT GOVERNMENT REPRESENTATION IN PEKING ONCE THAT EXISTS. THUS THE AUSTRIAN FEDERAL CHAMBER OF COMMERCE WAS ALLOWED TO OPEN AN OFFICE HERE IN 1966. WHEN THE AUSTRIAN GOVERNMENT RECOGNIZED PEKING, HOWEVER, THE CHAMBER OFFICE WAS OFFICIALLY ABSORBED INTO THE NEW EMBASSY.

5. A POSSIBLE FUTURE EXCEPTION TO THE FOREGOING PATTERN MAY INVOLVE THE RECENTLY-CREATED SINO-JAPANESE ECONOMIC COMMITTEE (SJEC), A BODY WHOSE FUNCTIONS HAVE NOT YET BEEN FULLY DEFINED BUT WHICH IS ROUGHLY ANALOGOUS TO THE NEW NATIONAL COUNCIL ON US-CHINA TRADE AND THE SINO-BRITISH TRADE COUNCIL. SJEC HAS PROPOSED TO THE CHINESE THAT IT BE ALLOWED TO OCCUPY OFFICES SOON TO BE VACATED BY THE JAPANESE MEMORANDUM TRADE OFFICE WHEN THE LATTER CEASES TO FUNCTION IN DECEMBER. ACCORDING TO A JAPANESE EMBASSY OFFICER, THERE IS A GOOD POSSIBILITY THAT THE CHINESE WILL ACCEDE TO LIMITED OFFICIAL USE

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SJEC'S REQUEST. IF SO, THIS WOULD BE THE FIRST TIME SUCH AN ORGANIZATION HAS BEEN ABLE TO MAINTAIN A PRESENCE IN CHINA AFTER THE ESTABLISHMENT OF AN EMBASSY IN PEKING.
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